and Rural Development Departments. Of this Rs. 1·5 lakhs is for building new class rooms and supplying other amenities for Education, Rs. 75,000 is for improvement of Hospitals and Dispensaries and Rs. 1 lakh is for Rural Development works. The provision under Rural Development is distributed as follows.—

1.	Panchayats—			
		Rs.		
	Model Panchayat	12,500		
	Original works such as tanks, wells, tube-wells, roads, etc.	45,000		
	Village libraries	5,000		
			Rs.	62,500
2.	Public Health		,,	4,000
3.	Co-operative		,,	4,000
4.	Agriculture		,,	4,000
5.	Industries		,,	7,000
6.	Uplift		,,	2,000
7.	Rural Development ..		,,	7,000
8.	Ayurveda		,,	7,500
9.	Reserve		,,	2,000
	Total ..		,,	1,00,000

The provision of this Rs. 3·25 lahks is special in the sense that it is appropriated from the surplus in the Revenue Reserve Fund. After the transfer of Rs. 3·25 lakhs the Revenue Reserve Fund would stand at Rs. 6·75 lakhs.

13. Apart from the above special provision, the usual items of expenditure and the usual development works that are provided for from year to year in the annual budgets have been fully provided for. As a matter of fact under Medical increased provision of over Rs. 1 lakh has been provided for the next year. Under Education as compared to the revised estimate of last year there is an excess provision of over Rs. 41,000. In fact economy has been restricted only to the recurring routine expenses of the day to day administration. Economy in routine expenditure coupled with larger provisions for nation building works is the main feature of the budget of next year as it has been also of the current year.

CAPITAL OUTLAY

14. Having finished the remarks under Revenue Receipts and Expenditure I propose to take up the review of Capital expenditure incurred by the State so far.

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15. The total capital outlay at the end of last year, excluding Railway and Harbour stood at Rs. 6,34,314. Of this, the more important items consisted of works on the Shanmukham Canal, the Government Electricty works at Nemmara and Chittur, works in connection with the laying of the pipe line across the back-waters to Mattancheri and the investments in the Government Stoneware works.

16. The works on the Shanmukham Canal were continued in the current year and the total expenditure at the end of 1115 is expected to come to a little over than Rs. 1·95 lakhs. Rs. 20,000 has been provided for capital expenditure on the same canal next year. It is mainly for protecting the sides and improving the basin of the Canal. From early next year the collections from the landing place will be started and, as possible receipts for next year, we have provided a sum of Rs. 6,609.

17. There has not been any appreciable capital expenditure on the Electricity works at Nemmara or Chittur in the current year, nor is any expenditure provided for under these heads for next year. In the current year a profit of over Rs. 1,400 is expected from the Nemmara Electricity works after providing for depreciation. In 1114 a net income of Rs. 945 yielding interest at 2·5 per cent was received on the same work. Next year there is not likely to be any profit from the concern. Against the maintenance expenditure of Rs. 6,227 and Rs. 6,990 in 1114 and 1115 respectively the maintenance expenditure of 1116 is expected to rise to Rs. 7,990.

18. From the Chittur Electric Works as well no profits are expected in 1116. In 1114 and 1115 there is a loss of Rs. 1,365 and Rs. 341 respectively.

19. From receipts under Water Supply, provision is made to adjust interest charges and for repayment of portion of the capital on account of the money invested in the Mattancheri sub-merged pipe line.

20. The State Stoneware Factory which from its inception had been under Government management and which in all the successive years has come up for severe discussion in this House has now been put on a definitely more satisfactory basis. Instead of the Government themselves running the factory they have leased it out to a private firm. According to the terms of the lease deed the annual rental of the building, plant and machinery, etc., is fixed at Rs. 3,000. The lease is for three years from the 1st of Thulam 1115. The buildings and plant and machinery are to be insured by the lessees for Rs. 50,000 and they are to retain the services of all the

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workmen and apprentices as far as possible. The Government have agreed to allow the lessees proportionate deduction in the rent if the work in the factory has to be suspended for over a month due to break down of machineries and other causes beyond the control of the lessees. But stoppage of work due to strike or accumulation of stock will not entitle them for any remission. They are allowed to take fuel from the State forests on payment of seniorage and to take clay from Government *poramboke* lands on payment of rental on the same scale allowed to private individuals. Also they are entitled to receive the depreciated value of additions made to capital with the previous sanction of the Government. Necessary security has also been taken from the lessees for the fulfilment of the terms of the contract of the lease.

21. With the transfer of the management of the Factory it has been decided to close the transactions relating to the Factory outstanding in the State Advance accounts. The total accumulated liabilities of the Factory that have to be adjusted comes to a total of Rs. 88,217. This amount is proposed to be written off by debit to the Capital assets of the Factory and according to our books the net capital expenditure after making this adjustment would stand reduced to Rs. 1,33,106.

22. It is expected that the Chemistry department of the Maharaja's College would start manufacturing tinctures for the use of Hospitals early next year. A small provision of Rs. 5,000 has been made towards capital expenditure on this account in the current year. When fully developed it is expected that it would be a source of income as well as a field for research in higher chemistry.

23. The income from the Shoranur-Cochin Railway in 1114 and 1115 has been as follows.—

1114 (1938-39)	Rs. 4,85,826
1115 (1939-40)	Rs. 4,66,151

Though the capital outlay on railway is shown in the assets statement of the budget as Rs.81,92,357 at the end of 1114, that figure as explained in the note below it, is not complete. Roughly the total capital expenditure on the Shoranur-Cochin Railway as completed now would come to Rs. 105·65 lakhs and the yield on this for the two years 1114 and 1115 work up to 4·6 and 4·4 per cent respectively. Works on the Edappalli Harbour extension are practically complete and till the end of March 1940 a total expenditure of Rs. 11,19,831 has been incurred as against the original estimated amount of Rs. 13,65,659. On account of the opening of this extension the income as also the maintenance expenditure on the State

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Railway are expected to rise and only a net income of Rs. 4,60,000 could be provided in the next year's budget under railway receipts as against Rs. 4,62,000 in the revised estimate. But it is sincerely hoped that the actuals would disclose a much better return.

HARBOUR ADVANCES

24. The House will remember that according to the Harbour Agreement the Cochin Government advances two-thirds of the capital expenditure on account of the fourth stage works. So far they have advanced on this account a sum of Rs. 63·44 lakhs. The Harbour Authorities are to repay this amount in thirty equated annual instalments, the payments commencing ten years after receipt of the advances. Towards financing this scheme the Cochin Government among other means had to resort to a loan of Rs. 22 lakhs from the Government of India. The repayments of this loan in fifty equated annual payments have started and the balance in the loan of Rs. 22 lakhs at the end of May 1940 stood at Rs. 21·73 lakhs.

25. Besides these, the Cochin Government also found the cost of one Dredger purchased in connection with the fourth stage works and this Government have advanced to the Harbour Authorities on this account Rs. 13·33 lakhs. This is being repaid in twenty equated annual payments and so far besides interest up-to-date a capital of Rs. 1·17 lakhs has been repaid.

26. In the current year the Government advanced to the Harbour Authorities a sum of Rs. 1·13 lakhs towards two-third cost of one Warehouse. This carries interest at 4 per cent and is repayable in 25 equated annual payments, the payments commencing from next year.

27. No provision has been made in the next year's budget for any further advance under fourth stage or other allied works.

INVESTMENTS

28. The total investments in Banks, Government Securities, and Shares and Debentures in Companies excluding cash balance at the end of last year stood at Rs. 73,64,000.

At the end of the current and at the end of the next year it is expected to be

1115	.. ..	Rs. 77,64,000
1116	.. ..	Rs. 78,59,500

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